

1 28. **ISSUE: HENDERSHOTT DIRECTED A VERIZON EMPLOYEE TO WRITE A**
2 **BOGUS LETTER OF EXPLANATION TO HIS MORTGAGE COMPANY, AND**
3 **RECEIVED PERSONAL BENEFITS FROM VERIZON, INCLUDING FREE**
4 **CELL PHONES AND TICKETS TO SPORTING OR CONCERT EVENTS -**
5 **SUBJECT: HENDERSHOTT**
6 (Munnell Memo p. 50)
7

8 **Chief Deputy David Hendershott**
9

10 H23A. Allegedly, circa 1999, Chief Deputy David Hendershott solicited Derek
11 Deegan, an employee of Verizon Wireless familiar with the frequent past-due
12 status of Hendershott's Verizon account, to write a letter to Hendershott's
13 mortgage company, giving a bogus explanation for the late payments by
14 Hendershott so that his credit record was improved and he could secure a better
15 interest rate on his mortgage. Hendershott implied to Deegan that the use by
16 MCSO of Verizon telephones (a sizable account involving hundreds of cell
17 phones) could be jeopardized if Deegan did not comply with the request that
18 Deegan write the letter, which Deegan subsequently wrote after conferring with
19 his supervisors at Verizon.
20

21 H23B. Allegedly, over the course of several years in the 1990s, Chief Deputy David
22 Hendershott received from Verizon, at no charge to Hendershott, from 7 to 9
23 cell telephones, for personal use by Hendershott and/or his family members.
24 These cell phones had an aggregate purchase price at the time in the thousands
25 of dollars. Verizon also provided Hendershott, at no charge, with tickets on 8 to
26 10 occasions to Phoenix Suns basketball games and to concerts. These tickets
27 reportedly had an aggregate value of over a \$1000.
28

29 **MUNNELL'S WRITTEN ACCOUNT**
30

31 Hendershott directs a Sheriff's employee to write a bogus letter of explanation regarding late
32 charges to save him \$400 a month on his mortgage payment.
33

34 Sometime around 1999, Hendershott hired Derek Deegan as a civilian employee and assigned him
35 to the Enforcement Support Division to assist in community service activities. His prior
36 employment was with a major cellular phone company. While Deegan was still employed at
37 Verizon, Hendershott had made contracts with Deegan for a couple of cellular phones for his
38 children. According to Deegan, Hendershott was consistently late paying the phone bills and he
39 often had to track down Hendershott to collect money to pay the bills.
40

41 During the same time, Hendershott was in the process of purchasing his current residence in
42 Peoria. However, Hendershott discovered that the late payments for the phone bills were reported
43 to the credit bureaus. Hendershott contacted Deegan in a panic, telling him that his house payment
44 would be four-hundred dollars (\$400) a month more unless a letter was written to the credit
45 bureaus stating that the late payments were not the fault of Hendershott, but some type of error on
46 the part of the cell phone company. Deegan, now a new first line employee of the Office, had little
47 choice but to comply with the direction given to him by the Chief Deputy, and he wrote the letter

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to the credit bureaus. This attempt to mislead the lender appears to be a violation of ARS 13-2320.A1, Residential Mortgage Fraud, a Class Six Felony.

WITNESSES LISTED BY MUNNELL

Derek Deegan (former employee)	Wrote letter for Hendershott.
Deputy Chief Frank Munnell	Advised by Deegan of matter.

NARRATIVE SUMMARY

Derek Deegan was a Verizon wireless employee and worked on Hendershott's account. Deegan reported that Hendershott was always late paying his bill and said he had to track him down for payments. In 1999, Hendershott was in the process of buying a house and he told Deegan that late payments had been reported by Verizon, so his house payment would be \$400 more a month if Deegan did not write a letter to Hendershott's mortgage company, indicating that the late payments were not Hendershott's fault. Deegan wrote the letter. Munnell alleges this is Residential Mortgage Fraud, a Class 6 Felony.

WITNESS ACCOUNTS

Frank Munnell

According to Munnell, this information comes from Derek Deegan, a Verizon employee who became an employee of MCSO. Please see pp. 86-87 of Exhibit 1128a for additional information.

Derek Deegan

Deegan indicated that during his employment with Verizon, which had a contract with MCSO, he associated with David Hendershott. Hendershott was occasionally a guest in the Verizon corporate suite at USWest Arena, attending Suns games and concerts. He estimated that Hendershott and/or friends or relatives attended, at the expense of Verizon, roughly 8-10 events at no charge to Hendershott, and that the cost of this to Verizon was in the "thousands of dollars."

Deegan also advises that, over the course of several years, Hendershott received 4 or 5 free cellular phones, and 3-4 additional phones were provided to Hendershott family members at no charge. Deegan estimated that the costs of these telephones, without contracts, was \$500 to \$700 per phone. He estimated that Hendershott or family members received from 7 to 9 cell telephones at no charge, having an estimated value of from \$3,000 to \$4,000.

According to Deegan, Hendershott's personal Verizon account was delinquent on a number of occasions during the time that Deegan was still in the employ of Verizon, and

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1 Deegan, at Hendershott's request, interceded with the credit department at Verizon.
2 Service was cut off to Hendershott's personal cell phones (there were a number under
3 one main account).

4
5 At one point, prior to 1999, when Deegan was employed by Verizon and handling the
6 MCSO account, Hendershott called Deegan into his office, and said that he was in the
7 process of purchasing a new home, and Hendershott wanted Deegan to write a letter to
8 his mortgage company to explain that the reports of late payment were not
9 Hendershott's fault. Hendershott's contention, according to Deegan, was that he had
10 become confused about payment between his personal cell phone and his work phone.
11 Deegan knew that Hendershott had a history of late payment of Verizon personal cell
12 phone charges. Deegan recalls Hendershott stating, "You know, we [MCSO] have a lot
13 of phones with you - we want to keep the phones there [with Verizon], right?" Deegan
14 took this as a veiled threat that if Deegan did not help with writing the letter to the
15 mortgage company, explaining away Hendershott's credit problems on the Verizon
16 account, that the MCSO account with Verizon might be in jeopardy. Deegan felt that
17 Hendershott was coercing him into writing the letter.

18
19 Deegan indicated that he spoke to his supervisors, including Dawn Berman Schackner,
20 who is now retired, and Leslie Helton, who handled the phone contracts with MCSO.
21 There was significant concern expressed about the possible loss by Verizon of the
22 MCSO account, and Deegan was authorized to send the letter. He believes that, after
23 he left Verizon and joined MCSO in 1999, another letter was written on Hendershott's
24 behalf by another employee, again explaining away Hendershott's problem with keeping
25 his payments current on his cell phone accounts with Verizon.

26
27 **David Hendershott**

28
29 Hendershott acknowledged that in the timeframe in question, he did have Verizon
30 Wireless service, and he did have communications with Derek Deegan relating to the
31 status of his account and the account payment. He believes that the account was past
32 due "one time" and he did ask Deegan to write a letter explaining what happened with
33 his (Hendershott's) bill. Hendershott explained that in fact he was not late on the bill,
34 that it was Verizon's fault and it was billing error that showed up on his credit report.
35 Hendershott indicated that he had disconnected service from Verizon because the bills
36 were very high, but the phones, which were supposed to have been disconnected, were
37 not. He says that his credit report showed that Hendershott's account was late when in
38 fact it was not.

39
40 Hendershott says that he called Deegan, who apparently looked into the matter, then
41 called Hendershott back and apologized. Hendershott asked them if there was any way
42 that someone could write a letter that he could send to his mortgage company and let
43 them know that there had been a billing error, and the reported late payment by
44 Hendershott was not his fault.

1 When asked whether there was more than one occasion when his bill was past due,
2 Hendershott stated, "there may have been others." As he put it, "it seemed to me it was
3 a very large bill, but there may have been others." (p. 32, Exhibit II16e) He
4 acknowledged that he had one of Verizon's plans. According to Hendershott, Deegan
5 acknowledged that there had been a billing error on the part of Verizon.

6
7 He then added, during the course of the interview, that Deegan, who later became an
8 employee of MCSO, had left MCSO on bad terms because he had been released,
9 having worked some jobs with a company that was officially making pornographic
10 movies, and that was of concern to MCSO. Deegan did indeed send out the letter that
11 Hendershott had requested, or someone from the Verizon credit department had signed
12 it. When asked whether Verizon had forgiven any outstanding balance that Hendershott
13 had with the company, he believes that Verizon had issued back credit because the bill
14 was incorrect, but there was not account that was forgiven.

15
16 Hendershott denied that he had ever received any free cell phones from Verizon, unless
17 it was part of a plan. He could not remember how long he had service with Verizon, but
18 he did consider the charges to be high.

19
20 When asked if he had ever received from Verizon any free tickets to Suns games,
21 concerts, or anything else, Hendershott said that he and his wife had gone with Derek
22 Deegan and his wife to a football game, and he believes that they were in a suite, but
23 added, "It wasn't anybody's particular suite." Then he indicated that it might have been
24 in a suite.

25
26 The following dialogue took place during the course of the interview.

27
28 Q: Well, the information that we've obtained is that you had obtained tickets
29 on eight to ten occasions to the Suns games and to concerts and that these tickets
30 had a value of over \$1,000.

31
32 A: Well, that seems really high. The value. If I received tickets from, I mean
33 I've received tickets from the Fiesta Bowl. I received tickets to other things that,
34 you know and, so, I don't, I'm not sure that, you know, that companies don't
35 consider these lost leaders kind of thing, but they, they, like the PR people or
36 something like that. But I can tell you no ticket ever bought anything to get a
37 contract or anything like that. So, you know, I don't know the source of where
38 this is coming from, but, boy, that just doesn't ring a bell with me.

39
40 Q: Well....

41
42 A: And I....
43

1 Q: In this particular time frame, back in the 1990's, were there policy
2 restrictions that limited the types of gifts and benefits that could be received from
3 vendors?
4

5 A: I don't remember. There was probably a policy back then, but I, I don't
6 remember it. It was certainly, first off the amount of time sounds awfully high. I
7 remember the one. Could there have been others? Yeah. But, you know, I mean,
8 I've got tickets from lawyers to go to games. You know. A baseball game. But,
9 I don't know, I know we got like three hundred tickets to go to the Fiesta Bowl
10 because they were, they were short on, they were short on people being in the
11 seats one year and we just gave them out to all the Deputies and all the civilians
12 and anybody that wanted to go. I know we get, you know, through the
13 Roadrunners we get, when they needed, you know, people to show up at the game
14 we'd get a big bulk of tickets and we just give them out, you know, to everybody.
15 So. I don't know. (pp. 36-37, Exhibit II16e)
16

17 According to Hendershott, Deegan went through the reserve academy, and "parted
18 company" with MCSO when Sheriff's Office learned he was acting in some capacity as
19 security for a company that was making a pornographic movie. Hendershott was not
20 involved in the process that led to Deegan's separation from MCSO. Hendershott
21 nonetheless deemed that Deegan blamed him, because as he put it, "everybody blames
22 the Chief Deputy." (p. 45, Exhibit II16e) Hendershott also pointed out the Deegan was
23 very close to Frank Munnell.
24

25 Hendershott acknowledged that he had received Fiesta Bowl tickets, but not from Derek
26 Deegan. According to Hendershott, "we" (presumably, members of the Sheriff's Office)
27 would get Fiesta Bowl tickets from "the Fiesta Bowl." The Fiesta Bowl would give
28 tickets out to law enforcement agencies and to persons in government to "fill the seats."
29 He remembered one occasion where "we" got three to five hundred tickets and the
30 tickets were given out because they wanted the seats filled. He indicated, however, that
31 this occurred "a long time ago."
32

33 When asked if he had ever been given any tickets to any suites at the Fiesta Bowl or
34 any Fiesta Bowl football games, Hendershott indicated that he went as a guest of an
35 employee of Viad with his son. The tickets had been given to Sheriff Arpaio and his
36 wife, but the Sheriff could not go. This occurred approximately three to four years ago.
37